



**Confederation
of School Trusts**

Guidance for Executive and Governance Leaders

Guidance for Executive and Governance Leaders - Integrated Curriculum Financial Planning (ICFP)

The Confederation of School Trusts (CST) is the national organisation and sector body for academy and multi-academy trusts, advocating for, connecting and supporting executive and governance leaders. More information about membership of CST can be found [here](#).

This guidance is intended to support executive and governance leaders with the basics of integrated curriculum financial planning (ICFP). It offers an overview of the approaches but not the tools themselves.

Introduction

This guidance is intended as an introduction to four sector-standard tools for integrated-curriculum financial planning (ICFP). CST does not take a view on a preferred approach or preferred tool. This guidance does not interrogate assumptions within the tools.

Our principles of good financial planning are:

1. Financial planning should be led by organisational and curriculum design - curriculum is the core business of any school or trust and the school or trust should be clear about its curriculum ambition;
2. Efficiency, probity and ethics in the use of public funds are first and foremost about public sector values – the Nolan principles of public life should guide us at all times;
3. Schools and trusts should seek to achieve the best possible educational and wider social outcomes through the economic, efficient and effective use of resources;
4. Tools for strategic financial planning, including ICFP, are first and foremost about being in control of spending decisions – it is primarily about where we spend and how we invest public money, not where we cut.

The Academies Financial Handbook (AFH) states that the trust board must ensure that budget forecasts, for the current year and beyond, are compiled accurately, based on realistic assumptions including any provision being made to sustain capital assets, and are reflective of lessons learned from previous years. Boards are encouraged to take an integrated approach to curriculum and financial planning (2.3.3).

The AFH says: “The accounting officer must complete and sign a statement on regularity, propriety and compliance each year. This is a formal declaration by the trust’s accounting officer that they have met their personal responsibilities to Parliament for the resources under their control during the year. (AFH, p. 39)

It includes a responsibility to ensure that:

- there is efficient and effective use of resources (value for money)
- public money is spent for the purposes intended by Parliament (regularity)
- appropriate standards of conduct, behaviour and corporate governance are maintained when applying the funds under their control (propriety)

The format of the statement is included within ESFA’s accounts direction. A review of the accounting officer’s statement must be included within the remit of academy trusts’ external auditors.

A word about language

We are using the term Integrated curriculum financial planning (ICFP) rather than curriculum-led financial planning (CLFP). CLFP is the name that is synonymous with the work done over many years in academies and trusts; originating from Outwood Grange Academies Trust. ICFP is the name that government and policy makers are currently using.

An Overview of the Models and Approaches

1. A Financial Model - What We Can Afford?

As a first step, the school or trust needs to understand what is affordable. For a trust, this calculation can be done for each school in the group. A good place to start is ASCL's financial model:

THE FORMULA: PTR = ATC / (I x Pt)
NOR / PTR = NUMBER OF FTE TEACHERS WE CAN AFFORD
PTR = pupil teach ratio
ATC = average teacher costs
I = revenue funding per pupil
Pt = proportion of funding spent on teachers
NOR = number on role

Worked example for a school of 1,200 pupils, where

- The average teacher costs are = £45,000
- The revenue funding per pupil is = £4,500
- The proportion of funding spent on teachers is = 60%

$$PTR = 45,000 / (4,500 \times 0.6)$$

$$PTR = 16.67$$

Using this approach for a school of 1,200 pupils, the school can afford 71.9 FTE teachers (1,200 / 16.67)

Health warning: if any of the individual metrics are changed, the number of teachers the school can afford also changes.

2. Curriculum-Led Approaches - What Could We Do?

Finance-led and curriculum-led are two different approaches. CST would advocate applying a curriculum-led approach and then flexing this if required if finances allow.

There are two approaches.

2.1. The CIPFA Approach

THE FORMULA: PTR = C x ACS
NOR / PTR = NUMBER OF FTE TEACHERS NEEDED
PTR = pupil teach ratio
C = contact ratio
ACS = average class size
NOR = number on roll

Worked example for a school of 1,200 pupils (Y7-11) where:

- Contact ratio is 0.79
- Average class size is 25

$$PTR = 0.79 \times 25$$

$$PTR = 19.75$$

Using this approach for a school of 1,200 pupils, the school can deliver a curriculum with 60.75 teachers (1,200 / 19.75)

Health warning: if any of the individual metrics are changed, the number of teachers the school needs also changes.



2.2. A Sector Approach (Outwood Grange Academies Trust)

THE FORMULA: (NOR/ BCS) X P X CB = NUMBER OF SESSIONS
NUMBER OF SESSIONS / TEACHER LOAD = NUMBER OF FTE TEACHERS NEEDED (including principal and senior team)
NOR = numbers on roll
BCS = benchmark class size
P = periods in a week/ cycle
CB = curriculum bonus (this is a theoretical measure of the amount of extra curriculum time/by way of periods, allocated to a student population above the notional basic provision to achieve targeted group sizes smaller than the benchmark class size)
TI = Teacher load (calculated as a contact ratio of 0.79 x 25 periods - for a 25-period week/cycle)

Worked example for a school of 1,200 pupils (Y7-11) where:

- Number on roll = 1,200 (Y7-11)
- Benchmark class size = 27 (this is a fixed number for Outwood)
- Periods in a week = 25
- Curriculum bonus = 8% (giving a multiplier of 1.08)
- Teacher load = 19.75 / Staffing contact ratio = 0.79

$(1,200/27) \times 25 \times 1.08 = 1,200$ sessions/periods

$1,200$ periods / teacher load of 19.75 = 60.75 FTE (Including principal and senior team)

Once the number of teachers needed to deliver the curriculum on these metrics has been established, the school then enters an iterative process to see if it can afford this number of teachers. By reducing the curriculum bonus or increasing the staffing contact ratio (giving a higher average teacher load), this will reduce the number of teachers needed. Conversely, increasing the curriculum bonus or decreasing the staffing contact ratio (giving a lower average teacher load), will increase the number of teachers needed. Thus, offering flexibility and the ability to be more responsive to funding changes.

This approach works for Outwood. It has been part of their DNA for a number of years; in times of plenty and in more difficult financial times. This important strategic work on curriculum and finances runs alongside and complements the work to achieve strong outcomes for young people.

Using this approach for a school of 1,200 pupils, the school can deliver a curriculum for Y7-11 pupils with 60.75 teachers.



Commentary

Summary of the metrics

These approaches use different metrics and have different rationales. They are 'blunt' in the sense that they are context-independent, but they are a useful starting place for discussion. They are important to enable the head teacher/executive leader to understand and remain in control of financial planning.

A summary of all the metrics needed to make all the calculations above is set out below.

ACS = average class size (or BCS in the Outwood model = benchmark class size)
ATC = average teacher costs
C = contact ratio
Curriculum bonus (Outwood model only)
I = revenue funding per pupil
NOR = number on roll
Pt = proportion of funding spent on teachers
PTR = pupil teach ratio
TI = Teacher load

Very cautiously, there are some benchmarks which schools and trusts may want to consider, bearing in mind that ICFP is first and foremost about organisational design and being in control of spending decisions – there is not an absolute or definitive value for any of the ICFP metrics. For example, a number of Outwood academies are tighter than the metrics shown and a number looser, for them, it depends on the context of the academy. Local contextual factors are also a very important consideration here. Affordability or efficiency?

ACS/BCS = average class size	25 (The Outwood model assumes a BCS of 27 x curriculum bonus of 1.08 = 25, which is the ACS assumption made in the CIPFA model)
ATC = average teacher costs	£45,000 (Obviously there will be variation here as staffing contexts vary)
P = periods per week/ cycle	The Outwood model works for all models i.e. 25 periods per week, 30 periods per week, fortnightly timetables etc
C = contact ratio	0.79 (ASCL's benchmark is 0.78 but for schools in challenging circumstances this may need to be lower still to cater for high SEND. This will also be impacted if there are high number of NQTs)
Curriculum bonus	8% / 1.08 (Outwood model only and varies depending on context of the academy from as little as 2% / 1.02 to as much as 12% / 1.12 for a small school with a legacy curriculum. Overall, the Trust works on ≤ 8% / 1.08 across all of the academies)
I = revenue funding per pupil	There is huge variation here due to local authority funding settlements and funding decisions
NOR = number on roll	Different for every school
Pt = proportion of funding spent on teachers	60% (some analysis shows this dropping to 58% which shifts the PTR to 17.24)
PTR = pupil teach ratio	Varies, but usually between 19.75 at the upper end and 17.24 at a lower limit for efficiency
TI = Teacher load	19.75, but will vary according to contact ratio

The difference between the finance-led and the curriculum-led approaches is quite stark.

- ASCL: The school can afford 71.9 FTE teachers (Y7-11)
- CIPFA and Outwood: the school can deliver a curriculum with 60.75 FTE teachers (Y7-11)

These are of course theoretical differences determined largely by the assumptions in terms of metrics for each calculation. Every school's metrics and context will be different. However, the difference between affordability and efficiency is the starting point for a discussion and may release capacity for school improvement and/or financial recovery.

For a low-funded school in a low funded local authority, it is possible that even with maximum efficiency, the school may not be able to afford the number of teachers it needs to deliver a broad and balanced curriculum. Where this is the case, the DfE / ESFA will wish to understand these circumstances and the local authority should move rapidly towards implementing the National Funding Formula locally.

3. Linking Affordability and Efficiency - The ISBL Approach

The approach used by Institute of School Business Leadership (ISBL) uses 12 key metrics to measure affordability but also considers the possible efficiency of the model being used. It deals with all the standard income and expenditure metrics. It covers all the elements within the sector-led models mentioned above but also the requirements of DfE reporting.

The approach uses the 12 key metrics that will give school leaders an enormous amount of information about the affordability and efficiency of their staffing expenditure plans. There are six key ratios:

1. pupil-teacher ratio,
2. pupil-adult ratio,
3. teacher contact ratio,
4. average class size,
5. average teacher cost, and
6. the vital per lesson cost.

In addition, there are six key staffing percentages:

1. Total teaching staff costs as a percentage of total revenue income;
2. Curriculum staff costs;
3. non-curriculum staff costs;
4. all staff costs as a percentage of total revenue income;
5. Senior Leadership costs as a percentage of total teaching costs
6. Management costs (including middle management) as a percentage of total teaching costs.

Calculating and interpreting these 12 key metrics will allow leaders to analyse their staffing and will tell them everything they need to know to start a conversation within their leadership team, governors and trustees about the effectiveness and efficiency of their staffing decisions.

This includes answering such questions as:

- Is the deployment of the teaching staff efficient to deliver our curriculum?
- Can we afford the numbers and balance of teachers and leaders we have?
- Is the amount and spread of leadership is appropriate and efficient?
- Can we afford the management structures we have in place or are planning?
- Do we have an appropriate balance of administrative, site and other staff?
- Have we an appropriate but efficient curriculum staffing structure to support students?
- Are we using the teaching time available to its best effect?

Worked example for a school of 1,200 pupils, using just two of these metrics to illustrate the method, where

- Actual Total periods being taught = 1305
- Total teacher FTE = 72.5
- Timetable cycle is 25 periods
- Total Revenue Income is £5.4 million
- The proportion of funding spent on teachers is = 60%
- ATC in this school is £56,200

Quantifying efficiency and inefficiency
THE FORMULAE:
TCR = TLPU / (TC X T)
PTR = NOR/T
TLPU = Teacher Loading Periods Used (Actual total teaching periods being taught in school)
T = Total teacher FTE
TC = Periods or Hours in the Timetable Cycle
NOR = Number of Pupils on roll

Hence the PTR = $1200/72.5 = 16.55$ and TCR = $c = 1305/(25 \times 72.5) = 0.72$

The PTR is 0.45 less than Kreston Reeves' median of 17 for secondary academies.

This indicates potential inefficiency and will need investigating further.

As the benchmark for the Teacher Contact Ratio is around 0.78-0.80, this would indicate that the teaching deployment is 6-8% below the benchmark and possibly inefficient. This will also need further investigation.

Using this approach for a school of 1,200 pupils, the school needs to consider whether it has too many teachers, and whether it is deploying them well enough: e.g. Are loadings adequate? Is the curriculum efficient? Is there too much leadership and management time? Are there too many leaders?